

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF COLUMBIA GAS)	
OF KENTUCKY, INC., FOR AUTHORITY)	
FOR THE ISSUANCE AND SALE OF)	CASE NO. 8448
PROMISSORY NOTES AND THE)	
ISSUANCE AND SALE OF COMMON STOCK)	

O R D E R

On February 1, 1982, Columbia Gas of Kentucky, Inc., ("Columbia of Kentucky"), a wholly-owned subsidiary of the Columbia Gas System, Inc., filed its duly verified application seeking authority to borrow from the Columbia Gas System, Inc., ("Columbia Gas") up to \$500,000 and to issue and sell to Columbia Gas not more than 140,000 shares of authorized but unissued stock, \$25 par value per share.

Columbia of Kentucky proposes to secure these funds, which will be used to finance a portion of its 1982 construction program, and for other corporate purposes, by the issuance and sale to Columbia Gas of: (A) not to exceed \$500,000 in principal amount, either (1) Installment Promissory Notes having the same terms and provisions as the outstanding nonregistered Installment Promissory Notes of Columbia of Kentucky except that they will be payable in equal annual installments commencing January 31, 1984, for a term which approximates that of the instrument issued by Columbia Gas as determined by the officers

of Columbia of Kentucky in conjunction with the officers of Columbia Gas and/or

(ii) Floating Rate Term Notes due March 31, 1987; provided that all such notes will be dated the date of their issue and will bear interest at such rates as approximate the cost of money to Columbia Gas and as determined by the officers of Columbia of Kentucky in conjunction with the officers of Columbia Gas; and further provided that Installment Promissory Notes will be issued if the last public financing by Columbia Gas was in the form of issuance of preferred stock or debentures and Floating Rate Term Notes will be issued if the last financing by Columbia Gas was through the issuance of notes under the Revolving Credit and Term Loan Agreement dated as of April 1, 1980, among Columbia Gas and certain banks named therein; and (B) issue and sell to Columbia Gas, not exceeding 140,000 shares of authorized but unissued common stock, \$25 par value per share, all such shares so issued and sold to be fully paid and nonassessable.

The Commission, after consideration of the application and being advised, is of the opinion and finds that the proposed borrowing and the proposed issuance and sale of stock are for a lawful object within the corporate purposes of the utility, are necessary and appropriate for and consistent with the proper performance by the utility of its service to the public, will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED that Columbia Gas of Kentucky, Inc., be and it hereby is authorized to borrow from Columbia Gas up to \$500,000, to issue installment promissory notes and/or floating rate or term notes, and to issue and sell to Columbia Gas not exceeding 140,000 shares of authorized but unissued stock, \$25 par value per share, all such shares so issued and sold to be fully paid and unassessable.

IT IS FURTHER ORDERED that the proposed borrowing shall be under the same terms and conditions as set out in the application.

IT IS FURTHER ORDERED that the proceeds from the proposed borrowing shall be used only for the lawful purposes as set out in the application.

IT IS FURTHER ORDERED that Columbia Gas of Kentucky, Inc., shall file with this Commission a copy of its joint application-declaration filed with the Securities and Exchange Commission.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 9th day of March, 1982.

PUBLIC SERVICE COMMISSION

Martin M. Vohs
Chairman

Katherine Randall
Vice Chairman

Jim Lamm
Commissioner

ATTEST:

Secretary